

Approved For Release 2004/12/22 : CIA-RDP83B00100R000300110059-8

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MEMORANDUM FOR THE RECORD

15 July 1976

SUBJECT: Briefing of Ambassador Christopher Phillips, President,
National Council for US-China Trade

25X1 1. At the request of Ambassador Phillips, China Section was asked to arrange to have James Lilly, NIO/China, provide a background briefing on current political conditions in the PRC prior to the Ambassador's July 15 trip to Peking to meet with CCPIT and FTC officials. A luncheon meeting was arranged in the Executive Dining Room with Lilly, Phillips [redacted] in attendance. The DCI was present in the dining room and as a former colleague of Phillips in the UN asked that the Ambassador stop in his office after lunch.

2. Lilly provided an excellent background briefing which the Ambassador later characterized as outstanding. Several topics were covered including:

- a. Taiwan-PRC reconciliation. The Chinese were expected to raise the issue of development of the US-Taiwan Economic Council, publicly announced but not yet actually formed. US companies trying to develop business with the PRC may find the going rough if they belong to the Taiwan Council.
- b. US-PRC Diplomatic Relations. Lilly pointed out that 1977 could be the critical year in US-PRC relations. The Chinese are expected to press for US withdrawal of recognition of Taiwan and move towards full PRC diplomatic relations. Phillips said he would be alert for comments on this subject.
- c. Offshore oil exploration. Phillips was told of the PRC strident position on Philippine exploration with a US company in the vicinity of the Spratly Islands. The Ambassador expected to raise the subject with FTC officials in order that he be in a position to advise NCUSCT member companies on the subject.
- d. Politburo Standing Committee Vacancies. The political vacuum in the Politburo and the possible implications of Mao's anticipated death were discussed. Li Ch'uan, Vice Chairman CCPIT will host Phillips and the topic may come up in informal conversations.

3. After lunch Phillips met with Bush, discussed Chinese affairs, and the DCI mentioned interest in hearing of the results of the Ambassador's upcoming trip. We will be arranging for a headquarters debriefing of the Ambassador on his return. If Phillips does not personally brief the DCI, we assume Lilly will have to brief the Director on the Ambassador's trip or provide a summary [redacted]

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4. Phillips hopes to achieve several things during his two week stay in China. He will be laying the groundwork for the October 1976 visit of the Executive Committee of the National Council. Lilly provided a few suggestions on where the group ought to visit. He also plans on exploring ways in which the National Council and the FTC's can work closer together in promoting and expanding US-Chinese trade and understanding.

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cc: ICG/CS
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